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Senate Banking Committee Chairman Chris Dodd offered an alternative today to the Bush administration's financial rescue plan aimed at giving the U.S. Treasury an equity stake when it helps companies burdened by debt.

Dodd, a Connecticut Democrat, is circulating a draft of his bill as Congress seeks to deal with a financial crisis that has been called the U.S.'s worst since the Great Depression.

The Bush administration is proposing a $700 billion plan to buy devalued assets from investment firms to keep the financial system from coming to a halt. Democrats have pledged to act quickly on the measure, even as they seek to create an oversight structure, limit the compensation of executives at the companies benefiting from the rescue and provide mortgage relief for struggling borrowers.

``We cannot just turn over $700 billion in taxpayer money and not insist that that taxpayer is going to be protected in this,'' Dodd told reporters yesterday.

Treasury Secretary Henry Paulson has urged Congress to pass legislation without delay and without linking it to new programs.

``We need this to be clean and quick, and we need to get it in place,'' Paulson said yesterday in an interview with ABC News.

Equity Stake

The legislation requires Treasury to take an equity stake equal to the purchase price of the assets being bought. If the company isn't publicly traded, the government would take senior debt instead, placing it in the front of the line of debt holders for repayment in the event of a bankruptcy.

Dodd's proposal also would create a five-member oversight board to supervise the Treasury secretary's purchase and sale of distressed mortgage debt.

It would consist of the chairmen of the Federal Reserve, Federal Deposit Insurance Corp. and the Securities and Exchange Commission as well as two members from the financial industry designated by congressional leaders.

The board would be authorized to set up a so-called credit review company consisting of Treasury employees to study the soundness of the purchases. Under the plan, the government would be required to obtain an equity stake equal to the value of the debt that is purchased from the companies, including those whose shares are not publicly traded. The Treasury secretary would also be required to issue weekly public reports on the amount of assets bought and sold by the U.S.

Penalize Executives

Dodd is proposing to penalize executives who take ``inappropriate or excessive'' risks. The executive compensation and severance packages could be reduced if that is ``in the public interest,'' the proposal says. It would also force executives to give back profits they earned that were based on company accounting measures that are later found to be inaccurate.

Republican presidential candidate John McCain, who has supported giving shareholders a bigger say in executive compensation in the past, said today that taxpayers shouldn't foot the bill for ``golden parachutes'' for officers of companies that have crumbled in upheaval on Wall Street.

``The senior executives of any firm that is bailed out by Treasury should not be making more than the highest paid government official,'' McCain said at a campaign event in Scranton, Pennsylvania.

The president is the highest paid federal official, with a salary of $400,000 a year.

U.S. Representative John Campbell, a California Republican and a member of the House Financial Services Committee, said that while he supports the Treasury proposal, he's willing to consider the creation of an oversight board and executive-pay limitations.

Committee Republicans plan to meet later today to discuss the issue, Campbell said.

``I don't think we have a lot of choice,'' Campbell said. ``And the consequences of doing nothing are unconscionable.''